## Message Text

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INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OES-06 PM-04 NSC-05 SP-02 SS-15 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02 USIA-15 PRS-01 /076 W

-----020729 106733 /21

R 011438Z MAR 77 FM AMEMBASSY JIDDA TO SECSTATE WASHDC 7463 INFO AMCONSUL DHAHRAN AMEMBASSY ISLAMABAD

**UNCLAS JIDDA 1647** 

E.O. 11652: N/A

TAGS: BENC, ECRE, SA, PK

SUBJECT: SAG OFFERS POWER PROJECT TO PAKISTAN

REF: JIDDA 1173

1. ONE OF THE FOUR SAUDI POWER PROJECTS CANCELLED EARLIER IN FEBRUARY WITH CHARGES OF INFLATED PRICES BY WESTERN BIDDERS (REFTEL) HAS BEEN OFFERED TO A PAKISTANI FIRM. DURING A RECENT VISIT TO PAKISTAN, SAG MINISTER OF INDUSTRY AND ELECTRICITY AL-GOSAIBI, ANNOUNCED THAT AN UN-NAMED PAKISTANI FIRM WOULD SOON VISIT SAUDI ARABIA TO DRAW UP DETAILS FOR IMPLEMENTING THE \$50 MILLION AL-KHARJ POWER PROJECT.

2. SAUDI PRESS REPORTS STATE THAT AL-GOSAIBI FURTHER ADMONISHED WESTERN FIRMS FOR ARTIFICALLY INFLATING BID PRICES ON SAUDI CONTRACTS AND STATED, "SAUDI-PAKISTANI COOPERATION IN THE KHARJ ELECTRIFICATION SCHEME WOULD PROVE AN IMPORTANT FACT, THAT NOT ONLY WESTERN COMPANIES COULD IMPLEMENT DEVELOPMENT PROJECTS." GOSAIBI STATED THAT PAKISTANI FRIENDS COULD IMPLEMENT THE KHARJ PROJECT FOR REASONABLE COSTS UNCLASSIFIED

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AND FINISH IT AHEAD OF SCHEDULE. SAUDI PRESS REPORTS THAT AL GOSAIBI ALSO DISCUSSED WITH PAKISTANI OFFICIALS THE POSSIBILITY OF ADDITIONAL JOINT PROJECTS IN SAUDI ARABIA.

3. COMMENT: THIS PROPOSED COOPERATIVE PROJECT WILL BE FIRST TEST OF SAG EFFORT TO LINE UP VIABLE ALTERNATIVES

TO WESTERN CONTRACTING COMPANIES, PARTICULARLY FROM FRIENDLY LDCS. PAKISTANI EMBASSY OFFICER, JIDDA, EXPRESSED BOTH PLEASURE AND SOME SURPRISE AT EVOLVING BUSINESS OPPORTUNITIES FOR PAKISTANI FIRMS IN SAUDI ARABIA, AND SUGGESTED THAT SAUDI'S PROJECT "PIE" WAS BIG ENOUGH FOR EVERYONE. QUESTION REMAINS WHETHER THE LDC ALTERNATIVE WILL MATCH SAG EXPECTATIONS. PORTER

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## Message Attributes

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